



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CRITTENDEN COUNTY CLERK**

September 1, 1999 through December 31, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY
CRITTENDEN COUNTY
CAROLYN BYFORD, COUNTY CLERK
SEPTEMBER 1, 1999 THROUGH DECEMBER 31, 1999
FEE AUDIT

Description of Office:

The office of the County Clerk is mandated and regulated by state laws and regulations. The County Clerk has been charged with the responsibility of licensing all motor vehicles and boats, collecting sales and property taxes on the same, registering voters, tabulating election results, and recording all manner of deeds, real estate and chattel mortgages as well as a myriad of other recordings. The County Clerk is also responsible for the collection of delinquent taxes and fees on delinquent tax bills received from the County Sheriff each year.

Audit Results:

The Auditor of Public Accounts has issued an unqualified opinion on the County Clerk's financial statements for the period September 1, 1999 through December 31, 1999. An unqualified opinion is an opinion issued when the auditor, based on the audit work performed, believes the financial statements of the auditee are presented fairly in all material respects.

Receipts and Disbursements:

The financial statements of the County Clerk reflects receipts and disbursements of \$386,829 and \$360,291 respectively. Approximately 90% of the County Clerk's receipts were for licenses and taxes.

Excess Fees:

The County Clerk earned and paid to the county excess fees of \$8,834.

Notes:

The County Clerk received a grant from the Kentucky Department of Libraries and Archives in the amount of \$3,977 and earned interest of \$11. The grant was fully expended as of December 31, 1999.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Victor P. Hardin, Crittenden County Judge/Executive

Honorable Carolyn Byford, Crittenden County Clerk

Members of the Crittenden County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Crittenden County, Kentucky, for the audit period of September 1, 1999 through December 31, 1999. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the audit period of September 1, 1999 through December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Victor P. Hardin, Crittenden County Judge/Executive
Honorable Carolyn Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated September 28, 2000, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 28, 2000

CRITTENDEN COUNTY
CAROLYN BYFORD, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

September 1, 1999 through December 31, 1999

Receipts

State Grants		\$	3,988
State Fees For Services			1,083
Fiscal Court			7,794
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	49,680	
Usage Tax		155,785	
Tangible Personal Property Tax		131,493	
Licenses-			
Fish and Game		5,747	
Marriage		1,553	
Occupational		46	
Dog Licenses		115	
Deed Transfer Tax		3,427	
Delinquent Tax		2,845	350,691
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	2,872	
Real Estate Mortgages		3,374	
Chattel Mortgages and Financing Statements		11,471	
All Other Recordings		2,657	
Charges for Other Services-			
Copywork		1,903	
Lien Fees		586	22,863
Other:			
Cash Overage	\$	32	
Miscellaneous		34	66
Interest Earned			344
Gross Receipts (Carried Forward)		\$	386,829

CRITTENDEN COUNTY
 CAROLYN BYFORD, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 September 1, 1999 through December 31, Year 1999
 (Continued)

Gross Receipts (Brought Forward) \$ 386,829

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 35,896	
Usage Tax	151,112	
Tangible Personal Property Tax	48,519	

Licenses-

Fish and Game	5,656	
Delinquent Tax	444	
Legal Process Tax	3,452	\$ 245,079

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 11,824	
Delinquent Tax	434	
Deed Transfer Tax	3,256	
Occupational Licenses	34	15,548

Payments to Other Districts:

Tangible Personal Property Tax	\$ 65,920	
Delinquent Tax	1,230	67,150

Payments to Sheriff 65

Payments to County Attorney 442

Operating Disbursements and Capital Outlay:

Personnel Services-	
Deputies Salaries	\$ 21,016
Contracted Services-	
Canvas Covers and Binders	3,988
Materials and Supplies-	
Office Supplies	1,750
Equipment Repair	64

CRITTENDEN COUNTY
 CAROLYN BYFORD, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 September 1, 1999 Through December 31, Year 1999
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:
 (Continued)

Other Charges-			
Conventions and Travel	\$	1,574	
Making Tax Bills		2,018	
Postage		818	
Dog Licenses		109	
Refunds		71	
Capital Outlay-			
Office Equipment		<u>599</u>	\$ <u>32,007</u>
Total Disbursements			<u>\$ 360,291</u>
Net Receipts			\$ 26,538
Less: Statutory Maximum (4 months)			<u>16,504</u>
Excess Fees			\$ 10,034
Less: Expense Allowance			<u>1,200</u>
Excess Fees Due County			\$ 8,834
Payments to County Treasurer:			
March 21, 2000	\$	8,199	
September 21, 2000		<u>635</u>	<u>8,834</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.28 percent.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$3,977 and earned interest of \$11. Funds totaling \$3,988 were expended during calendar year 1999. The grant was fully expended as of December 31, 1999.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Victor P. Hardin, Crittenden County Judge/Executive
Honorable Carolyn Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Crittenden County Clerk for the audit period of September 1, 1999 through December 31, 1999, and have issued our report thereon dated September 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Crittenden County Clerk's financial statement for the audit period of September 1, 1999 through December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Crittenden County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Victor P. Hardin, Crittenden County Judge/Executive
Honorable Carolyn Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 28, 2000

